



# Page Electric Utility

electric power service for the people . . . by the people



Wm. Kent Romney, General Manager

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November 5, 2002

Mr. J. Tyler Carlson, Regional Manager  
Western Area Power Administration  
Desert Southwest Region  
Post Office Box 6457  
Phoenix, Arizona 85005-6457

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RE: Parker-Davis Reallocation - Opposition to PMI and EPAM: Request for Total Reallocation to Eligible Preference Utilities and Allocation to Page/Page Electric Utility and Existing Small and Intermediate Sized Customers - Including Cooperatives

Dear Mr. Carlson:

The City of Page ("City") is a political subdivision of the State of Arizona. The City has no allocation of Parker-Davis power. It has no allocation of Parker-Davis Power (PD-P) and needs access to that resource to continue delivering low cost electricity to its citizens in Northern Arizona as a municipal electric utility through its utility office, Page Electric Utility. Page believes there is a way to recognize its urgent need for PD-P and also reallocate PD-P, but not diminish the allocations of existing customers of small and intermediate size, like Page, Wickenburg and Thatcher, and to all new preference utilities so they continue to receive the benefits of PD-P.

Page is within the marketing area for PD-P. Also, it should be remembered Page some of its CRSP allocation has been taken away and never restored, and it lost even more of its CRSP with the 2004 renewal process and the reserve pool.

The City supports the complete reallocation of PD-P to preference utilities. It opposes implementation of the PMI and the EPAM, and opposes using a 6% percent withdrawal pool (such a pool is too small and hurts small entities like Wickenburg, Thatcher, Fredonia).

It supports withdrawal of 15 megawatts of PD-P from lid and from other entities which have more than 40 mw of PD-P. There should be no reduction of the allocation to smaller preference utility entities or to the Arizona Electric Power Cooperative ("AEPSCO"). This allocation to AEPSCO is an allocation based on the needs of its member cooperatives, and AEPSCO is the agent of those entities. Each of them need their share of PD-P to remain economically viable. The agency relationship of the Generation and Transmission Cooperative is well recognized by Western. It was most recently recognized in the reallocation and the redistribution of seven (7) megawatts of the Plains/Td-Sate CRSP to Navopache Electric. The City supports the creation of a larger preference utility customer pool for new entities. Upon reallocation, Western should implement 20 year contracts.

Mr. J. Tyler Carlson, Area Manager

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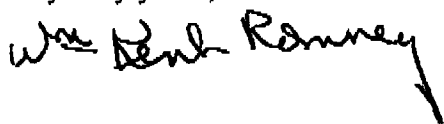
In 1977 when Reclamation and Western entered into the Master Agreement with Reclamation, both should have noted the 1948 history of the allocation of 30 megawatts of PD-P to Imperial Irrigation District ("IID") pending completion of Pilot Knob Plant. The record is clear and indisputable that upon completion of the Pilot Knob Plant, Iid was to return 15 megawatts. The fact no other potential customers surfaced for 40 years is no reason not to review the history and make changes. This lapse and oversight in the historic record on the part of both Western and Reclamation would, if continued, deny PD-P preference customers the opportunity to participate fully and equitably in the enjoyment and use of the Parker-Davis resource, Iid has enjoyed an extra 15 megawatts of Parker-Davis for over 50 years. There is no argument to not recognize its base allocation of 15 megawatts, but it is time to reallocate all of PD-P, including the extra 15 allocated to Iid, to preference utility customers in order not to hurt or diminish the allocations to current small and intermediate sized entities and cooperatives.

In addition, while the Colorado River Commission of Nevada ("CRC") may itself be a preference customer, it appears two (2) of its seven (7) direct subcontractors may not be preference customers, and it appears that CRC itself is not a retail distribution entity but is an agency similar to the APA. The allocation to CRC, if it is found to be reselling to non-preference entities part of its Parker-Davis, should be reduced by the amount being sold. All of these reductions would help establish a new resource pool without reducing the allocations of existing customers.

The City requests an allocation of one megawatts of the PD-P resource. It will supply the appropriate documentation at the appropriate time.

Western should reallocate all of PD-P, and should market for the greatest good of a larger preference utility customer base. If the City's suggestion is adopted, none of the small or intermediate sized current Parker-Davis customers, including the Cooperatives, would lose any allocation. And people in Northern Arizona in Page who need restoration of their Federal power resources needed to stabilize their economies.

Very truly yours,



CITY OF PAGE

And Its AGENT, PAGE ELECTRIC UTILITY

Wm. Kent Romney

General Manager